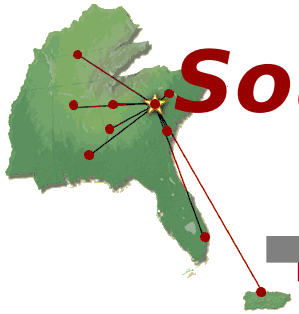


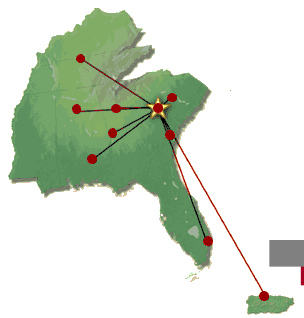
Southeast Regional Contracting Office (SERCO)

Government Purchase Card Program

Initial Training

Presented by: Laurie A. Rimmer

Agency/Organization Program Coordinator



Overview

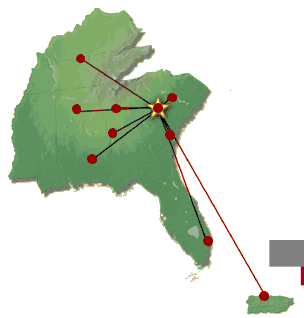
CONTRACT

Contractor = US Bank

Authority = Federal Acquisition Regulation Part 13

= Army FAR Supplement Part 13.9

Note: GPC is the shared responsibility of all stakeholders

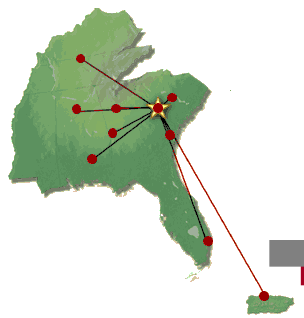


Overview

PROGRAM MANAGEMENT

SERCO is responsible for program management

In coordination with the comptroller on related finance and accounting policy issues

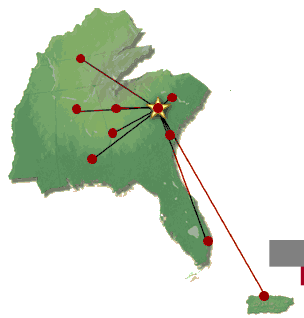


Overview

PURPOSE

Preferred method of payment for goods and services of non-recurring requirements less than $2,500—reduces cost of processing

Mandatory method of payment for office supplies



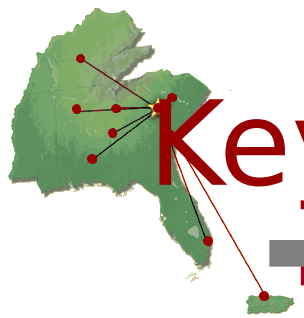
Overview

TYPES OF CREDIT CARD PROGRAMS

Travel Card—Travel related expenses

Fleet Card—Support of government-owned vehicles

Purchase Card—Supplies and services



Key Players and Their Roles

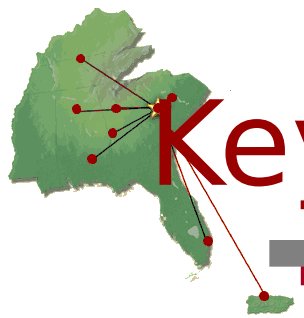
AGENCY/ORGANIZATION PROGRAM COORD

Serves as focal point for regional program

Provides training

Prepares and disseminates procedures/guidelines

Conducts annual compliance reviews



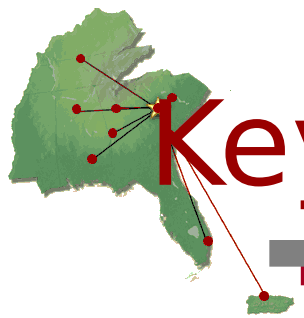
Key Players and Their Roles

RESOURCE MANAGER/COMPTROLLER

Reviews dollar limits—single purchase and 30-day

Establishes accounting data

Establishes reallocation lines



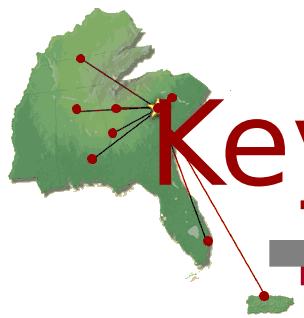
Key Players and Their Roles

DEFENSE FINANCE AND ACCOUNTING SVC

Provides payment to the bank

US Bank

Provides for the Government credit card program—the contractor



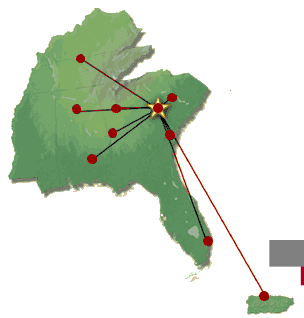
Key Players and Their Roles

BILLING OFFICIAL OR ALTERNATE

Manages and certifies account

CARDHOLDER

Individual to who procurement authority is delegated

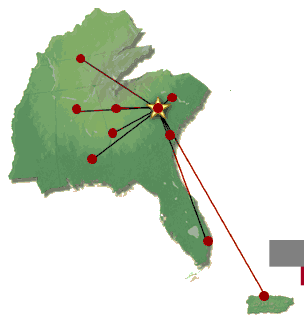


References

SOP—DA, MEDCOM, AND SERCO

Web address: http://serco.amedd.army.mil/

- Under Purchase Card Program
  - Additional references
  - Training data
  - Application requirements
- SERCO Points of Contact



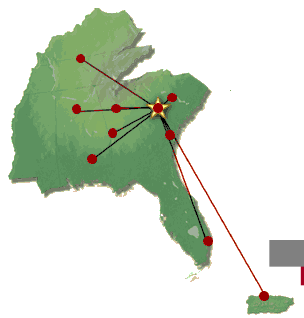
References

FEDERAL ACQUISITION REGULATION (FAR)

Web address: http://www.arnet.gov

Part 8 = Required Sources of Supplies and Services

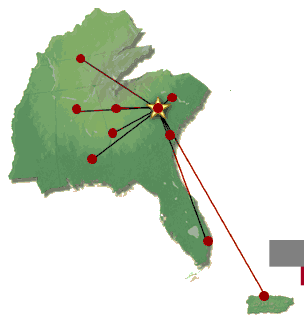
Part 13 = Simplified Acquisition Procedures



References

ADDITIONAL RESOURCES

- References—handout, paragraph A-1
- Websites—handout, paragraph B-1



Mandatory Sources

FAR, PART 8

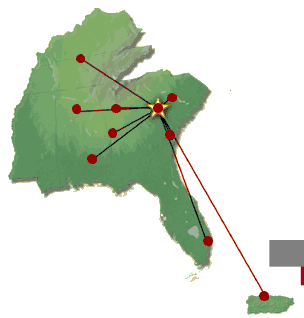
Agency inventory

Federal Prison Industries, Inc (UNICOR)

National Industries for Blind or Severely Handicapped (NIB and NISH)

Mandatory federal supply schedules

Commercial sources

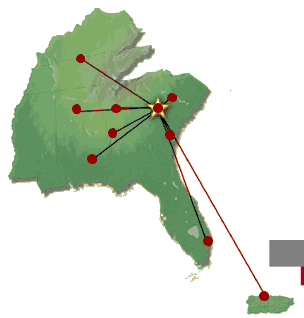


Mandatory Sources

FEDERAL PRISON INDUSTRIES (UNICOR)

Products may be procured "open market" if market research determines that the UNICOR product is not comparable to that product available from the private sector

Examples: Price—Quality—Time of delivery



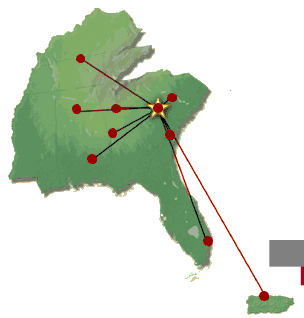
Mandatory Sources

JAVITS-WAGNER-O'DAY (JWOD) PROGRAM

JWOD is a public law requiring federal employees to buy from nonprofit agencies, employing the blind or severely disabled

JWOD creates jobs and training

JWOD is mandatory—no exception



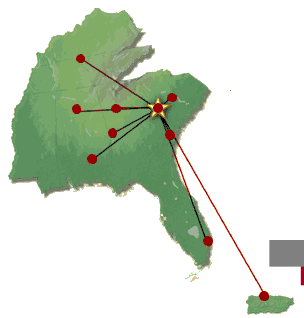
Mandatory Sources

GOVERNMENT PRINTING (Reference FAR 8.8)

Mandatory source = Defense Automated Printing Service (DAPS)

No other printing service allowed without waiver

Government printing = the printing, binding, and blank bookwork for use of the Government

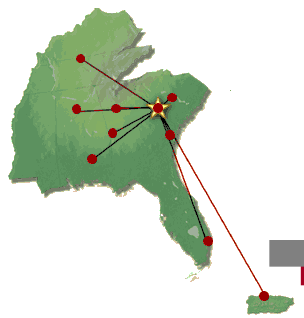


Mandatory Sources

DA BLANKET PURCHASE AGREEMENT—OFFICE SUPPLIES

Mandatory use of DoD Electronic Mall (Emall) for Office Supplies

Federal Supply Group 75 only



Mandatory Sources

DA BLANKET PURCHASE AGREEMENT—OFFICE SUPPLIES

Purpose—

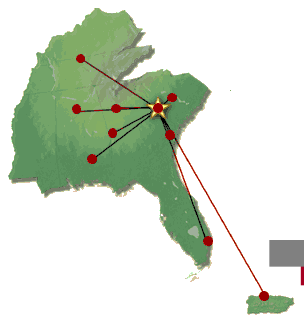
- Standard acquisition of office supplies
- Improve pricing by maximizing quantity discounts
- Ensure compliance with JWOD
- Enhance support of small business

Mandatory Sources

DA BLANKET PURCHASE AGREEMENT—OFFICE SUPPLIES

Emall—

- Access at www.emall.dla.mil
- Apply for userid and password—must have Department of Defense Activity Address Code (DoDAAC)
- Search product availability and save lists
- Rotate vendors

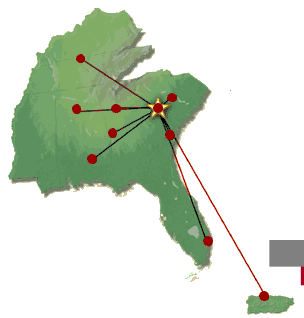


Mandatory Sources

DA BLANKET PURCHASE AGREEMENT—
OFFICE SUPPLIES

Exceptions—

- Unable to satisfy urgent need
- Unable to meet minimum/maximum order
- Outside area of geographical coverage
- Use of Self Service Supply



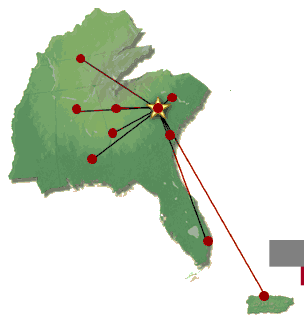
Mandatory Sources

DA BLANKET PURCHASE AGREEMENT—OFFICE SUPPLIES

Document file with—

- Exception
- Email information
- Order confirmation

NOTE: Use EDIT MEMO button to request invoice



Responsibilities

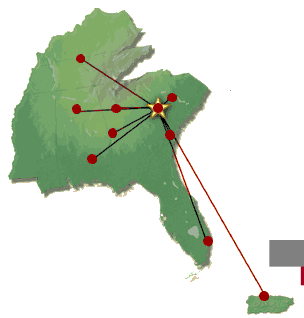
CARDHOLDER

Use the card “FOR OFFICIAL USE ONLY

Act ethically and within the constraints of laws and regulations

Remember—you hold a “public trust”

Empowerment Brings Responsibility

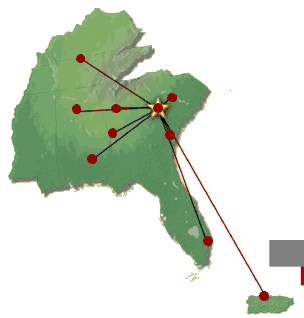


Responsibilities

CARDHOLDER

Authorize “NO ONE” to use your card or account number

Only the cardholder whose name is on the card is delegated the authority to use the assigned card

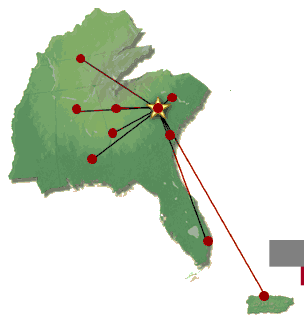


Responsibilities

CARDHOLDER

Follow acquisition regulations—

- Micro purchase threshold equal to or less than $2,500
- Construction equal to or less than $2,000
- Mandatory sources

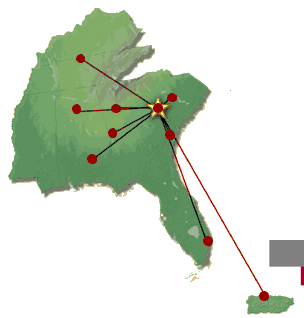


Responsibilities

CARDHOLDER

Obtain all approvals and post to file—

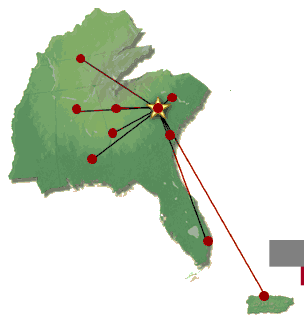
- Billing official
- Information Management
- Library (for books over $100) (See AR 735-17)
- Medical Maintenance
- Property Book Office



Responsibilities

CARDHOLDER

- *Expendable* property: requires no formal accountability—consumed in use
- *Non-expendable* property: requires formal accountability—does not lose its identity while in use
- *Durable* property: requires no formal accountability—but does require some form of hand receipt control



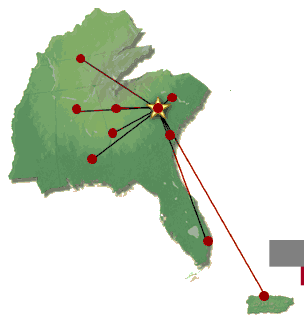
Responsibilities

CARDHOLDER

Process all medical items—

- Through the supply account
- Through DMLSS

Note: Logistics will identify those medical requirements that they can not process for you

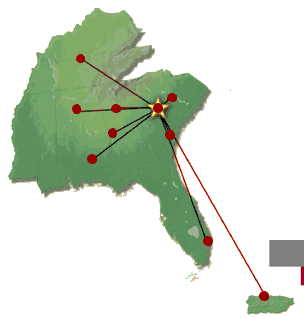


Responsibilities

CARDHOLDER

Ensure price is fair and reasonable—equal to or less than the general public

IAW the FAR, the cost to compare/compete exceeds the savings gained through the use of the card—use your knowledge of the market place

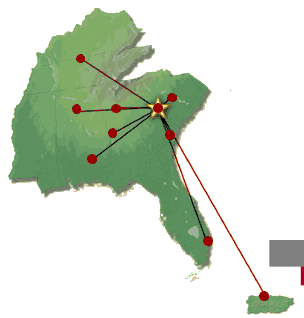


Responsibilities

CARDHOLDER

Enter into the automated transaction log—

Order number
Requestor
Description
Person taking the order
Vendor
Transaction date
Total cost

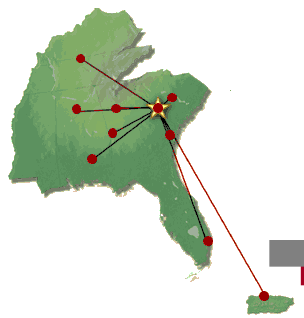


Responsibilities

CARDHOLDER

Document each transaction file—

- Requestor
- Billing official's prior approval
- Itemized invoice or priced packing list and copy of charge slip
- Third party receiver—someone other than cardholder or billing official

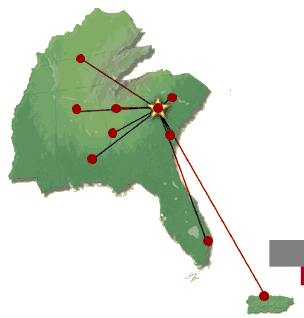


Responsibilities

CARDHOLDER

Maintain transaction file to include—

- All documentation supporting each purchase
- Organize by “Transaction Detail Report”
- Filed by cycle

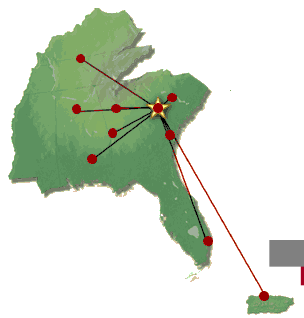


Responsibilities

CARDHOLDER

Do not split purchases (The intentional breaking down of a known requirement to stay within a threshold ($2,500 micro-purchase threshold) to avoid formal contractual procedures)

Do not back order (The ordering of an item not readily available—delivery after 30 days)



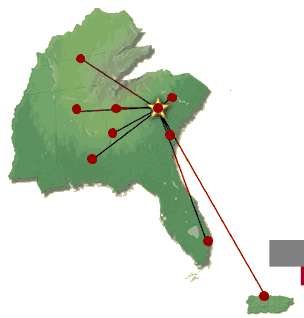
Responsibilities

CARDHOLDER

Reconcile account within 2 days of cycle closing

Manually review transactions and reconcile in CARE—

- Is the correct amount charged?
- Did you receive your product or service?
- Were you charged taxes?



Responsibilities

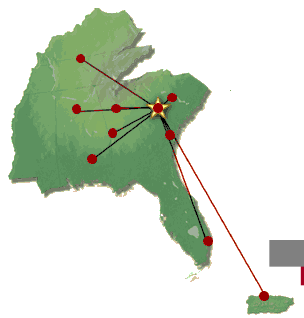
CARDHOLDER

Dispute fraudulent charges and report to bank, BO, and A/OPC

Approve credits

Approve cardholder account in CARE

NOTE: You will approve each transaction and then the entire cycle



Responsibilities

CARDHOLDER—What have you learned?

What is the micro purchase limit?

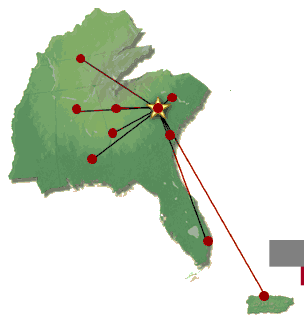
Who is authorized to use the card?

What are your prior approvals?

What is a fair and reasonable price?

What is a transaction file? What does it include?

When must you reconcile your account?

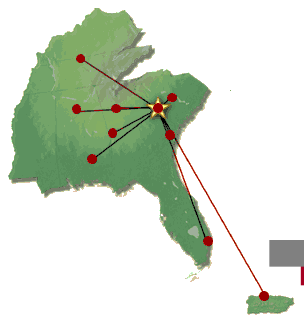


Responsibilities

BILLING OFFICIAL

Establish internal managing account procedures—

- Prior approval
- Third party receiver
- Quarterly review of cardholder limits
- File retention
- Alternate billing official

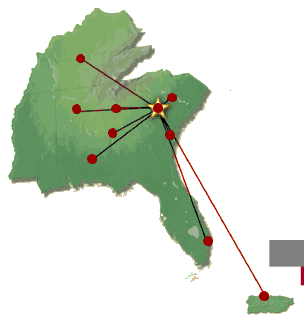


Responsibilities

BILLING OFFICIAL

Incorporate purchase card duties into performance standards

Example: "Performs duties of cardholder/billing official IAW established policy, procedures, and guidelines"



Responsibilities

BILLING OFFICIAL

Review each cardholder statement for accuracy—

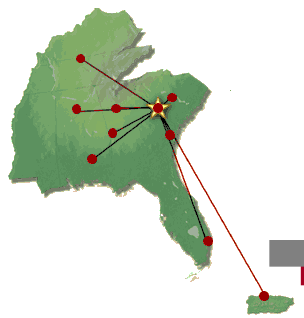
- What's being bought?
- Who is the source?
- How much did the cardholder pay?
- Did you pre-approve the action?
- Does the invoice match the charge?

Responsibilities

BILLING OFFICIAL

Ensure transactions—

- Meet the legal requirements for authorized GPC transactions
- Have complete documentation
- Have adequate documentation

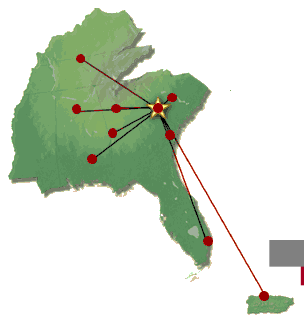


Responsibilities

BILLING OFFICIAL

Approve and certify the managing account

- CARE EDI accounts within 5 days following the close of the cycle
- Manual accounts within 15 days
- Act on behalf of the cardholder as needed to reconcile



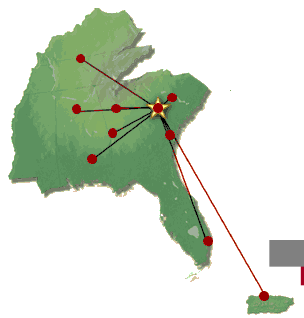
Responsibilities

BILLING OFFICIAL

Monitor delinquencies and prevent interest

Delinquent Account Action

60 days All CH suspended
180 days MTF suspended
2 in 12 months Permanent closure

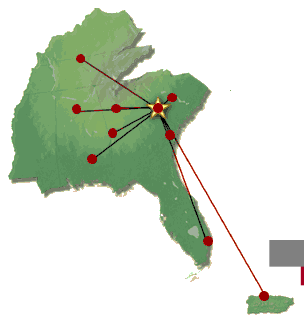


Responsibilities

BILLING OFFICIAL

Prevent interest penalties

- Assessed for late payments
- Calculated on dollar amount and on days past due
- Accrues 30 days after the cycle closes

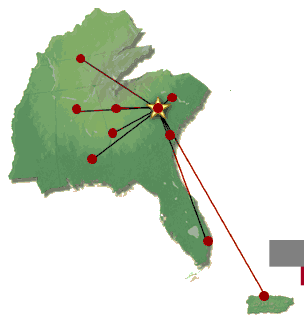


Responsibilities

BILLING OFFICIAL

Retain documentation for 6 years and 3 months for both active and closed accounts—

- Billing statement for each cycle
- Individual transaction receipts and invoices
- Documentation of approvals

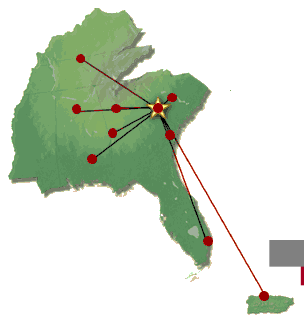


Responsibilities

BILLING OFFICIAL

Notify the SERCO A/OPC of account changes —

- Closures
- Name changes
- Increases in spending limits
- Decreases in spending limits

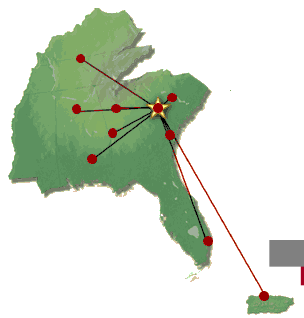


Responsibilities

BILLING OFFICIAL

Establish tracking mechanism for “pay and confirm”

What is pay and confirm? The process of certifying invoices for payment before items are received



Responsibilities

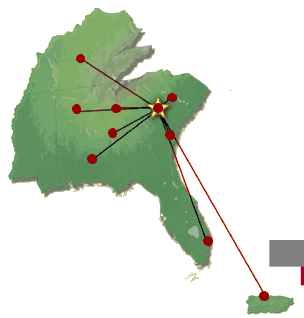
BILLING OFFICIAL

How do you process a pay and confirm action?

CH: Confirm with the vendor that the item shipped
Reconcile charge annotating not received

BO: Certify for payment
Flag transaction to ensure delivery

NOTE: Must have delivery within 45 days of the original invoice; otherwise dispute



Responsibilities

BILLING OFFICIAL—What have you learned?

Who is the Government Purchase Card account manager?

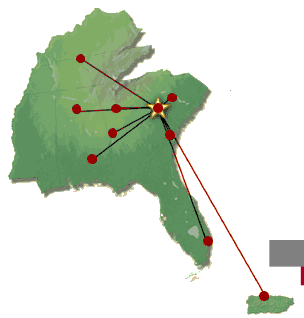
How often should you review cardholder limits?

When should your first review the cardholder transaction?

How long must you maintain files?

When must you certify your account?

What happens if your account is 60 days delinquent?



Lost or Stolen

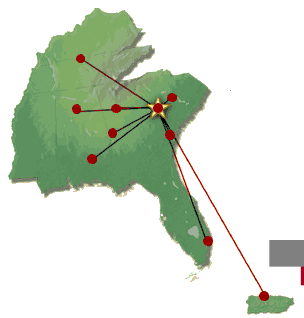
SAFEGUARD ACCOUNT AT ALL TIMES

- Protect card, documentation, bank access codes
- Report if lost or stolen to the US Bank 1st at 1-888-994-6722
- Notify billing official and A/OPC within 24 hours in writing

Rebates

WHAT ARE REBATES??

- Bank's reward for early payment earned through early certification and early payment
- Total dollar value base on—
  - Overall turn around—period from close of cycle to the point that the bank receives payment
  - Total dollars spent



Rebates

MANFACTURER REBATES

- Are the property of the US Government and shall be used for US Government
- Checks shall be made out to the US Treasury

NOTE: Property offered in lieu of rebate belongs to the US Government

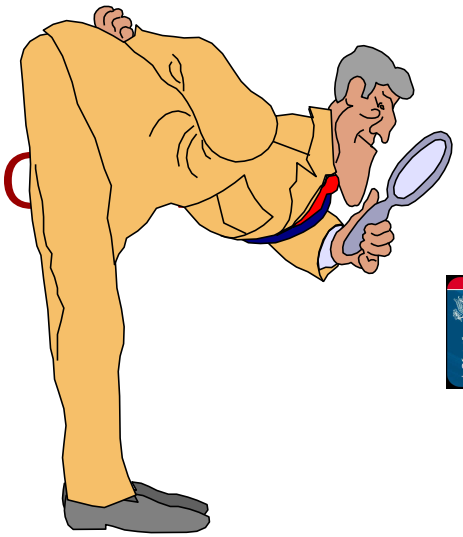
Rebates

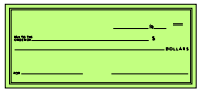
HIGH VISIBILITY AND MONITORING

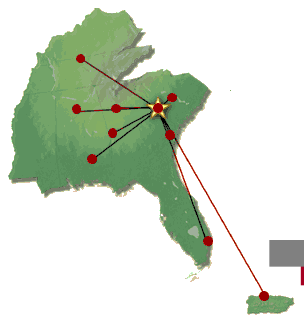
DOD DA

MEDCOM REC

MTF





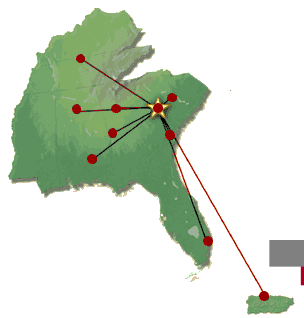


Disputes

MOST COMMON DISPUTES?

- Items billed but not received
- Alteration of transaction amount
- Unauthorized or duplicate charges

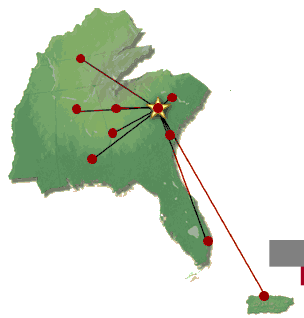
ALWAYS ATTEMPT TO RESOLVE DISPUTES WITH THE VENDOR 1ST



Disputes

AFTER ALL ATTEMPTS TO RESOLVE—DISPUTE

- Dispute within 60 days (after 60 days you lose the right to dispute)
- Cardholder statement of question item (CSQI) is automatically generated—complete
- Provide copy of CSQI to SERCO A/OPC @ DSN 773-2375



Disputes

US BANK WILL—

- Research the claim
- Notify YOU of the result
- If finding is in your favor, your account will be credited

Note: Disputes are paid up front and then credited

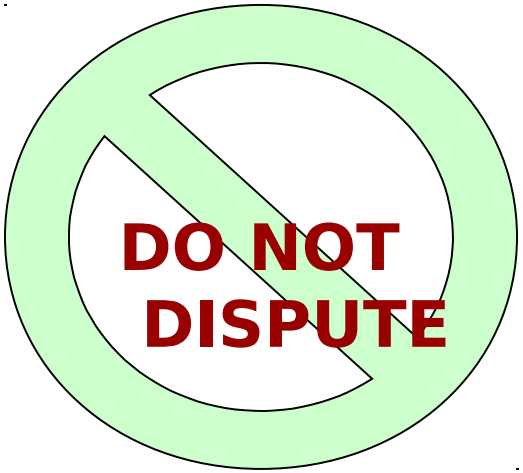
Disputes

SALES TAX

FREIGHT

SHIPPING

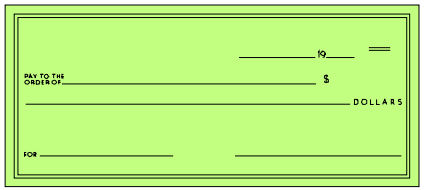
HANDLING CHARGES



NOTE: These discrepancies must be resolved with the vendor

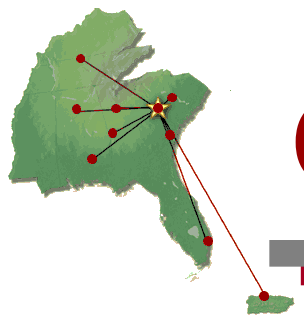
Convenience Checking

CONVENIENCE CHECKS



- For purchases under $2,500
- Where vendor does not accept the government purchase card

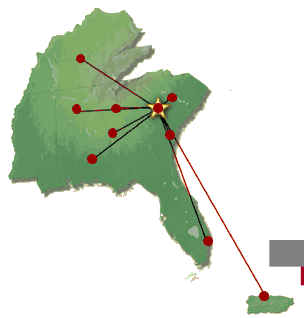
NOTE: The statement “does not accept the government purchase card” must be on each transaction



Convenience Checking

1099M TAX REPORTING SYSTEM

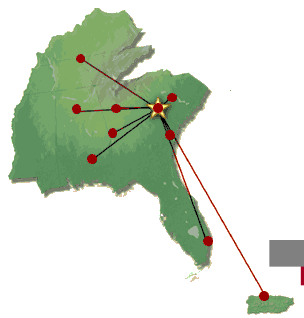
- Available at https://dfas4dod.dfas.mil/systems/1099
- Report services, rent, and medical payments
- Enter actions as they are written
- Must be entered by 1 January each year
- Print 1099 entry for file



Payment Card

PURCHASE CARD AS PAYMENT TOOL

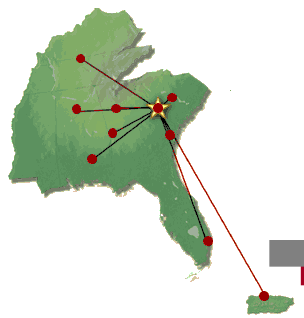
- Issued for payment up to $25,000
- Separate card for purchase card—not simply a purchase card with higher limit
- Restricted to Government awarded contracts
- Require Command level approval



Payment Card

ORDER PROCESS

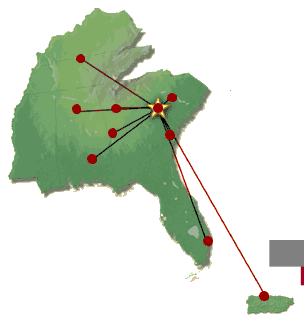
- Have a legitimately funded requirement
- Compare 3 established Government Contracts/Agreements
- Rotate among sources
- Document file
- Submit report of activity to SERCO the 1st of the month



Prohibited Items

SEE DA AND SERCO SOPs, APPENDIX D

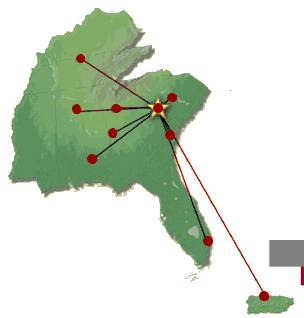
- Cash advances
- Travel related purchases
- Fuel
- Rental or lease of land and buildings
- Repair of leased vehicles



Prohibited Items

SEE DA AND SERCO SOPs, APPENDIX D

- Gifts/mementoes
- Telecommunication systems
- Construction services over $2,000
- Third party pay (Pay Pal)
- Unauthorized commitments (Ratification action)

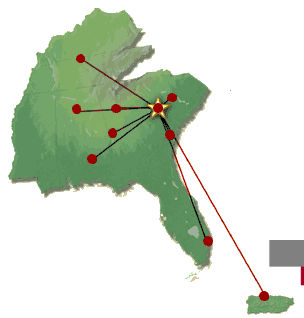


Pre-Purchase Approval

FOOD

Appropriated funds are not available to pay for food or refreshments

Limited Exceptions: An event may qualify for appropriated funding if certain requirements are satisfied and documented—see Appendix D

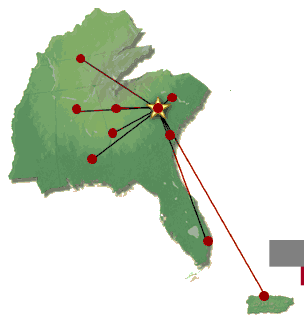


Pre-Purchase Approval

PERSONAL PURCHASES

No purchasing items for personal convenience/not for official Government use, to include all appliances, handheld/portable electronic devices, clothing, and seasonal decorations

Limited Exception: If deemed proper by the agency official, usually an O-6 or above, as mission essential and a necessary expense of operating a facility, this may be considered an exception. Mission essential items must be documented and secured in the office at the end of the day

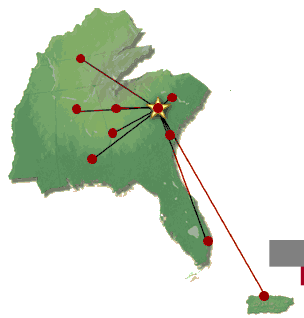


Pre-Purchase Approval

BOTTLED WATER

Cardholders are prohibited from purchasing bottled water service with their purchase card

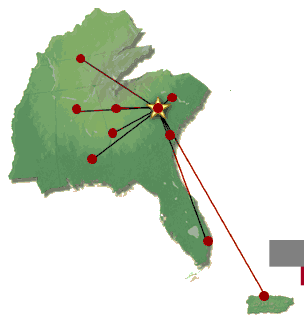
Limited Exception: If an agency has a report, from an outside water-testing agency, determining that the drinking water is harmful if consumed



Pre-Purchase Approval

MOTOR VEHICLE LONG-TERM RENTAL OR LEASE

- Cardholders are prohibited from entering into contracts for rental/lease of motor vehicles
- Limited Exception: Authorized for official nonrecurring Government functions for no more than 30 days

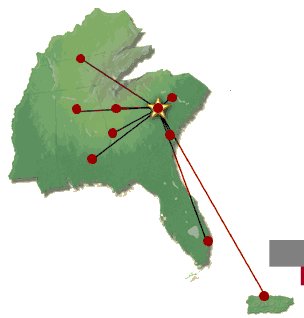


Pre-Purchase Approval

TROPHIES, AWARDS, PLAQUES, MEMENTOS

- Cardholders are prohibited from purchasing give-away items for hails and farewells.

- Limited Exception: Give-away items in support of employee recognition programs or by recruiters may be authorized if accomplished within authorizing regulation or an approved awards program

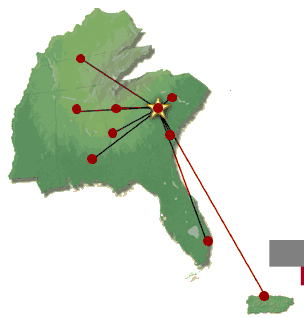


Pre-Purchase Approval

BUSINESS CARDS

Cardholders are not authorized to purchase business cards

Limited Exception: May be purchased using existing software and agency-purchased card stock



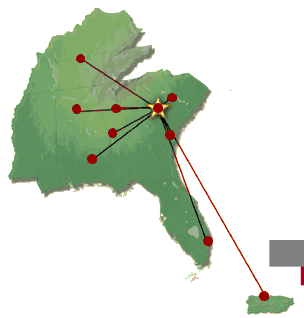
Pre-Purchase Approval

HAZARDOUS MATERIALS/CONTROLLED SUBSTANCE

Purchases of hazardous/dangerous materials must be approved by the local authority

Coordination with appropriate authority must be documented in the purchase card file

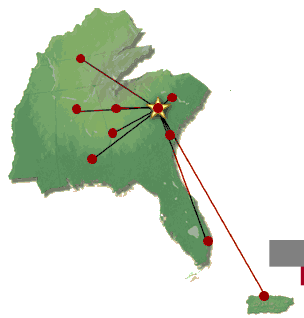
Purchases of controlled substances may only be made if the cardholder holds a Drug Enforcement Administration license



Surveillance Process

ROUTINE

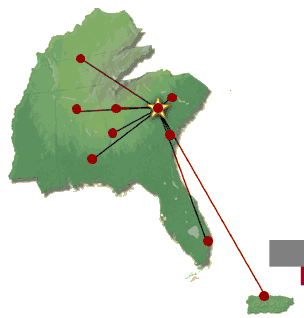
- Review activity—vendors, dollars
- Certification
- Delinquency



Surveillance Process

QUARTERLY

- Checking accounts—by a disinterested third party
- Inactive accounts—required use @ 50%



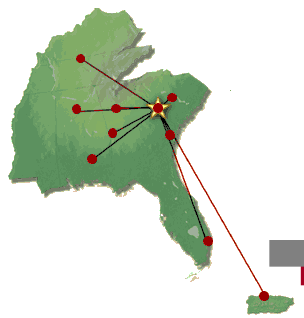
Surveillance Process

ANNUALLY

100% of managing accounts

100% of cardholder accounts

Note: Account documentation compared against checklist in SOP



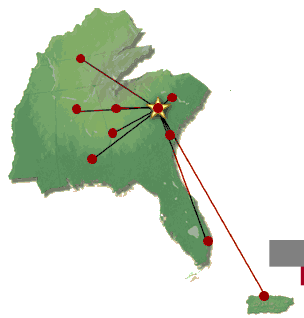
Accountability

BILLING OFFICIALS

Can be held financially liable for erroneous payments resulting from their negligent performance of duty

CARDHOLDERS

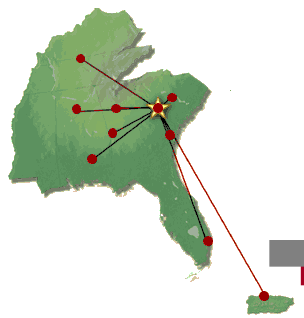
Can be held liable for all non-government transactions



Accountability

MILITARY DISCIPLINE GUIDANCE

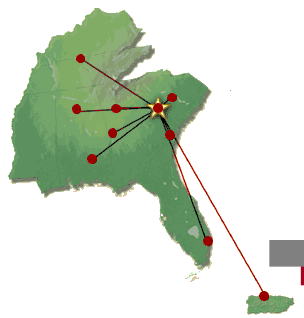
- Counseling
- Admonishment
- Reprimand
- Non-judicial punishment (Article 15)
- Civil enforcement action
- Pecuniary liability
- Criminal prosecution in civilian court



Accountability

CIVILIAN EMPLOYEE DISCIPLINE GUIDANCE

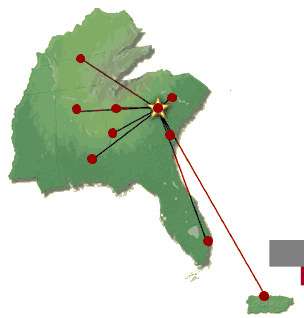
- 1st offense letter of counseling to removal
- 2nd offense 14-day suspension to removal
- 3rd offense 30-day suspension to removal



Ethics

CONFLICTS OF INTEREST

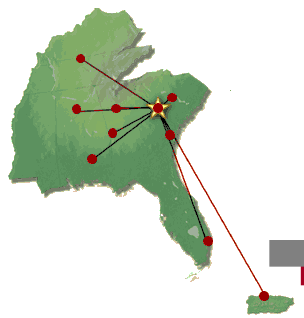
- Employee shall not use public office for private gain
- Employee shall not engage in outside employment that conflicts with official duties and responsibilities
- If no conflict, consider whether there is the appearance of conflict of interest



Ethics

EXAMPLE

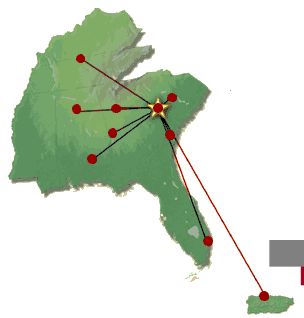
- Spouse or relative
- Business partner or associate
- Organization in which you have an office
- Organization in which you have an arrangement for employment or are employed



Ethics

PROHIBITED SOURCES

- A government employee shall not solicit or accept gifts from a prohibited source
- Nor accept a gift in return for being influenced in the performance of you official duties

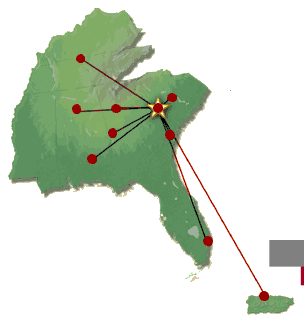


Ethics

EXAMPLE

Any person who—

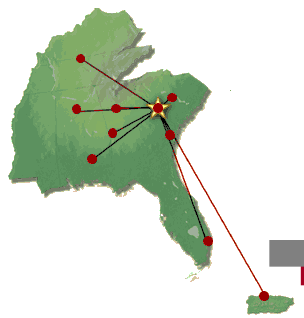
- Seeks official action by your agency
- Does business with your agency
- Conducts activities regulated by your agency
- Has interests that may be affected by your performance of official duties



Ethics

$20/$50 RULE

- Generally prohibited from accepting gifts from a prohibited source
- Employees may accept gift valued up to $20 as long as gifts received from one source does not exceed $50 in a CY
- If employee receives gift valued >$20, employee must either return it or pay full value for it

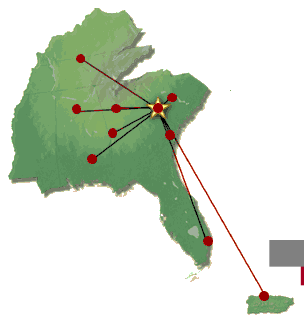


Ethics

EXAMPLE

–

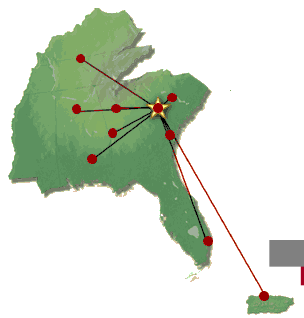
- You give a speech as part of your official duties, you may accept a gift valued at $20 or less
- You are given a $21ticket to a baseball game—you MAY NOT pay a $1 and keep the ticket



Making the Purchase

OBTAIN REQUIREMENT

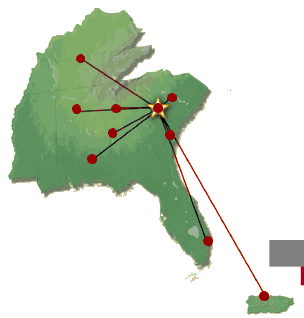
- Is this a bona fide government requirement ? (Scan your list of general prohibitions)
- Are funds available? Bulk funded?



Making the Purchase

OBTAIN PRE-APPROVALS

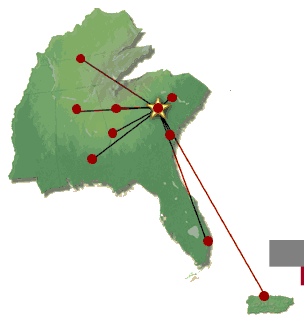
- Property Book, Information Management,
- Medical Maintenance, Library
- Billing official



Making the Purchase

ASK THE VENDOR????

- If they accept the government card (VISA)
- If the item is immediately available
- No backordering!!
- For complete pricing
- For delivery information



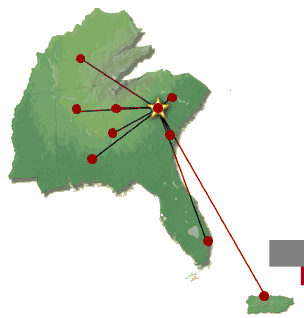
Making the Purchase

INFORM THE VENDOR ALL PURCHASES ARE TAX EXEMPT

Tax exempt number – 1st 8 digits of account number

Tax certificates may be obtained from the following:

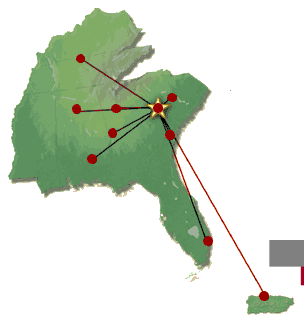
http://www.fss.gsa.gov/services/gsa-smartpay/taxletter/



Making the Purchase

INFORM THE VENDOR

- Deliver in a single delivery
- Deliver within the billing cycle
- Not invoice until items are shipped or service performed



Making the Purchase

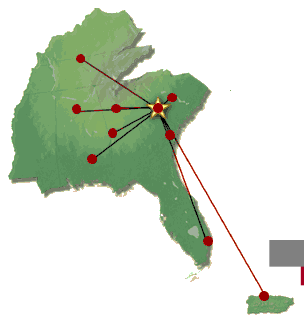
OVER-THE-COUNTER PURCHASES

Obtain an itemized copy of the charge slip

TELEPHONIC PURCHASES

- Log who took your order
- Log when you contacted the vendor

Note: rotate vendors—do not give the impression of favoring one vendor over another

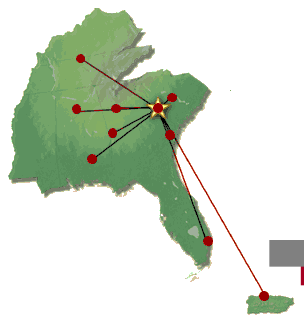


Making the Purchase

ENTER ACTION INTO CARE LOG

- All fields marked with "*" are required

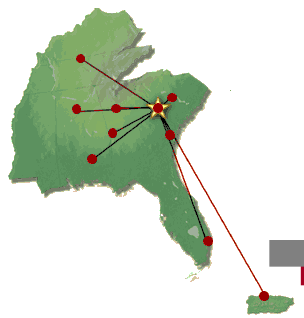
- Maintain as needed prior to reconcile and approval of account



Making the Purchase

ON DELIVERY—HAVE 3RD PERSON RECEIVE/VERIFY RECEIPT

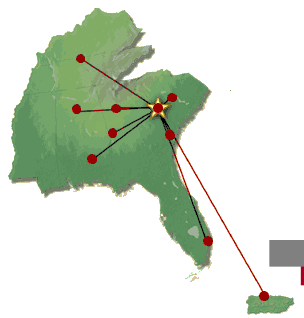
- Not cardholder
- Not billing official or his alternate



Making the Purchase

RECONCILE—ENSURE YOU HAVE COMPLETE DOCUMENTATION

- Requestor
- Prior approval
- Other approvals
- 3rd party receiver
- Invoice



Initial Training

QUESTIONS???